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WR County Committee Memorandum No. 202

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WESTERN DIVISION

Washington, D. C.

April 22, 1938

To MEMBERS OF COUNTY COMMITTEES,
COUNTY AGRICULTURAL CONSERVATION ASSOCIATIONS,
WESTERN REGION:

Re: Computation and Division of Payment for Farms Under the 1938
Agricultural Conservation Program.

I. General Provisions

For the information of State and county committeemen there is set forth herein an outline of the method to be used in carrying out the provisions of Sections IV, V, and VI of ACP-1938, as amended, relating to the computation and division of payments and deductions under the 1938 Agricultural Conservation Program.

In connection with the computation of payment or deduction for any farm it may be pointed out that --

1. There must be computed for the farm the payments prescribed in Section IV of ACP-1938, as amended. These payments should be computed and set up as separate items, and represent the maximum payment which may be earned with respect to the farm for full performance under the provisions of ACP-1938, as amended, i.e., for not exceeding the soil-depleting acreage allotments and for achieving the soil-building and restoration land goals. These payments are, of course, subject to deductions where there has not been full performance.

2. There must be computed for the farm the deductions prescribed in Section V of ACP-1938, as amended, in the event there has been partial or no performance on the farm in 1938. The deductions thus computed shall likewise be set up as separate items.

The deductions to be made from each item for payment are then subtracted from the payments computed for each item and the resulting net payment or net deduction for each acreage allotment, and for general soil-depleting crops will be divided among the interested persons in the same proportion that such persons are entitled to share in the proceeds of the crop(s) for which each such net payment or deduction is computed. The soil-building payment will be divided

equally among the interested persons or on the basis of the contribution by each such person to the soil-building practices carried out on the farm in 1938, if the county committee is satisfied that they did not contribute equally to the practices.

II. Computation of Net Payments and Net Deductions on Class A Farms

The following briefly summarizes the method to be used in determining the net payments and net deductions on Class A Farms:

1. Compute the payment with respect to each acreage allotment; the general soil-depleting crops; the payment conditioned upon achieving the soil-building goal (i.e. payment on soil-conserving acreage, orchards, commercial vegetables, and non-crop pasture land); and the payment on restoration land as provided in Section IV of ACP-1938, as amended.
2. Compute the applicable deductions prescribed in Section V of ACP-1938, as amended, where there has been partial or no performance on the farm in 1938.
3. Obtain the net payment or net deduction for each item as follows:

a. Corn, Cotton, Rice, Tobacco or Potato Acreage Allotment.--The net payment for any of these allotments will be obtained by subtracting the amount of deduction computed for such allotment from the payment computed for full performance with respect to such allotment. In the event the amount of deduction exceeds the full payment, a net deduction, in the amount of the excess, shall be shown for such allotment. For example --

	<u>Cotton</u>	<u>Potato</u>
Allotment	20	20
1938 Acres	19	23
Farm Rate Per Acre	\$5.00	\$4.50
Payment	\$100.00	\$90.00
Excess Acres	0	3
Rate of Deduction		\$45.00
Deduction		\$135.00
Net Payment	\$100.00	0
Net Deduction		\$45.00

b. Wheat Acreage Allotment and General Soil-Depleting Crops.--The sum of the deductions computed for the farm with respect to (1) the acreage by which the 1938 soil-depleting acreage exceeds the total soil-depleting allotment (excluding the acreage of corn, cotton, rice, tobacco, and potatoes for which deductions are computed individually), (2) failure to prevent wind and water erosion, and (3) breaking out native sod will be considered as deductions against the wheat acreage allotment and general soil-depleting crops as follows:

(1) Where a payment has been computed with respect to either, (but not both) a wheat acreage allotment or general soil-depleting crops, the sum of the above deductions shall be charged against the wheat payment or general soil-depleting acreage payment, as the case may be.

(2) If payments have been computed in connection with both the wheat acreage allotment and general soil-depleting crops and such payments are divided in the same proportion, among the same persons, the sum of the above deductions may be charged against either of such allotments, and, if necessary, against both allotments.

(3) If the payments computed with respect to the wheat acreage allotment and general soil-depleting crops are not divided in the same proportion among the same persons the sum of the above deductions shall be prorated between and charged against the wheat allotment and general soil-depleting crops. The net payment or net deduction with respect to the wheat allotment and general soil-depleting crops shall then be obtained in the same manner as for the other acreage allotments. For example --

	<u>Wheat</u>	<u>General</u>	<u>Deductions Applicable</u>
Computed Payment	\$100.00	\$50.00	
Deduction for Breaking Sod			\$30.00
% Deduction is of Payments	20%	20%	
Deduction Prorated	20.00	10.00	
Net Payment	80.00	40.00	
Net Deduction	0	0	

- (1. Total wheat and general payments = \$150.00
2. Total Deductions for Breaking Sod = 30.00
3. % Item 2 is of item 1 = 20%)

c. Restoration Land Goal.--The net payment or net deduction with respect to the restoration land goal will be obtained in the same manner used in connection with acreage allotments.

d. Soil-Building Goal.--The net payment with respect to the soil-building goal will be obtained by subtracting the deduction for failure to meet the soil-building goal from the full payment computed with respect to such goal.

A net deduction will not be obtained for failure to meet the soil-building goal because such goal is the number of units equal to $\frac{2}{3}$ of the number of dollars computed with respect thereto and where no practices have been carried out, the total number of units in the goal multiplied by \$1.50 (the reciprocal of $\frac{2}{3}$) will result in a deduction that is equal to the computed payment. For example --

Total payment computed with respect to the soil-conserving acreage, commercial vegetable land, commercial orchards, non-crop pasture land and grazing capacity = \$60.00 --

Payment	=	\$60.00
Soil-Building Goal - $\frac{2}{3}$ X \$60.00	= 40 units	
" " Practices carried out	= 0 "	
Deficit	40 units	
Rate of Deduction	\$1.50	
Deduction		\$60.00
Net Payment with Respect to Goal		0

III. Computation of Net Payment and Net Deductions on Class B Farms

The following briefly summarizes the method of computing the net payments or net deductions with respect to Class B farms:

1. Compute the payment with respect to each acreage allotment and the soil-building goal prescribed in Section IV of ACP-1938, as amended.
2. Compute the applicable deductions prescribed in Section V of ACP-1938, as amended, where there has been only partial performance or no performance on the farm.
3. Obtain the net payments or net deductions for each item as follows:
 - a. Deductions computed for excess acreage of cotton, rice or potatoes will be made at the respective cotton, rice, or potato rate and subtracted from the payment computed with respect to each such acreage allotment. The deduction computed for failure to meet the soil-building goal will be made from the payment computed with respect to such goal.
 - b. In the event a deduction is computed with respect to an acreage of soil-depleting crops grown in excess of the total acreage allotment (excluding the acreages of cotton, rice, and potatoes for which deductions are computed individually) such deduction shall (1) if a payment was computed in connection with a wheat acreage allotment be charged against the wheat acreage allotment or (2) if no payment was computed with respect to a wheat acreage allotment and payments were computed in connection with special crop acreage allotments be charged prorata against such special acreage allotments or (3) if no payments were computed in connection with special acreage allotments be charged against the payment computed with respect to the soil-building goal.
 - c. After the deductions have been charged against the applicable items, the net payment for any acreage allotment or the soil-building goal will be obtained by subtracting the deduction computed for such allotment or goal from the full payment computed for the respective allotment or goal. In the event the deduction for any allotment or goal exceeds the full payment computed therefor, the net deduction for such allotment or goal will be obtained by subtracting the full payment from the computed deduction.

Example -

Class B Farm Data and Payments

<u>Item</u>	<u>Acres</u>	<u>1938 Acres</u>	<u>Farm Rate</u>	<u>Payment</u>
1. Cropland	150			
2. Total Allotment	100	105		
3. Wheat Allotment	60	60	\$1.80	\$108.00
4. Cropland for Payment	90		\$0.70	\$63.00
5. Commercial Orchards	10		\$2.00	\$20.00
6. Soil-Building Goal (\$83* X 2/3) =	55.3 units			
7. Soil-Building Practices	25.3 units			
* Sum of Items 4 and 5.				

Deductions

5 acres excess depleting crops X \$14.40	=	\$72.00
30 deficit soil-building units X \$1.50	=	45.00

Net Payment or Deduction

<u>Item</u>	<u>Payment</u>	<u>Deduction</u>	<u>Net Payment</u>	<u>Net Deduction</u>
Wheat	\$108.00	\$72.00	\$36.00	0
Soil-Building	83.00	45.00	38.00	0

IV. Division of Net Payments and Net Deductions Among Interested Persons.

1. Acreage Allotments and General Soil-Depleting Crops.--The net payment or net deduction with respect to any acreage allotment or general soil-depleting crop will be divided among the interested persons in the same proportion that such persons are entitled to share at the time of harvest in the crop in connection with which such payment or deduction is computed.

Where a net payment or net deduction is computed for any acreage allotment or for general soil-depleting crops and the crop for which such payment or deduction is computed is not harvested on the farm in 1938, such payment or deduction will be divided among the interested persons in the same proportion that such persons would have shared in the crop had such crop been harvested.

2. Restoration Land Goal.--The net payment or net deduction computed with respect to the restoration land goal will be divided in the same proportion that the payment in connection with the wheat acreage allotment is divided, provided, however, that if no payment is computed with respect to a wheat allotment, the net payment or net deduction with respect to the restoration land goal shall be divided as the payment in connection with the general soil-depleting crops is divided.

3. Soil-Building Goal.--The payment in connection with soil-building practices will be made to the person who carried out such practices. If more than one person contributed to the carrying out of soil-building practices, the payment shall be divided equally among them, unless they establish to the satisfaction of the county committee that their contribution to the carrying out of practices was not in equal proportion. In such event, the payment shall be divided among them on the basis of their actual contributions to the units of practices carried out.

On any Class B farm for which no payments are computed under Section IV in connection with special crop acreage allotments, any deduction for excess depleting crops shall be made from the payment computed in connection with soil-building practices. If this deduction, plus any deduction for failure to achieve the soil-building goal exceeds the payment computed with respect to such goal, the net deduction for the farm shall be divided equally among the landlords and tenants on the farm in 1938.

V. Separately owned tracts combined into one farm.--The method of determining performance and dividing net payments and net deductions on a farm which is composed of separately owned tracts of land operated by one tenant and constituting one farm is no different from the procedure to be followed on any other farm. That is to say, performance may be accomplished on any of the separately owned tracts which constitute the farm; compliance with the soil-depleting acreage allotments and the soil-building goal for the farm will be determined on the basis of the aggregate performance on all of the separately owned tracts constituting the farm; and the net payments and net deductions, with respect to acreage allotments and the general soil-depleting crops, will be divided among the different landlords and the tenant on the basis of each such person's share of the 1938 crop for which a net payment or net deduction is computed.

For example, if all of the wheat is grown on the tract owned by A and operated by B, the net payment or net deduction computed with respect to the wheat acreage allotment established for the entire farm will be divided between A and B in the same proportion that they are entitled to share in the wheat crop. Each landlord will be entitled to share in the net payment or net deduction with respect to any acreage allotment only to the extent that he is entitled to share in the 1938 crop for which such acreage allotment is established.

The following example will illustrate the division of a wheat allotment payment among landlords and tenant:

	<u>Tract</u>	<u>Tract</u>	<u>Tract</u>	<u>Farm</u>	<u>Division</u>	<u>Wheat Payment</u>
Wheat Allotment	88	60	40	188 X 15 bu. X .12¢	=	\$338.40
1938 Wheat Crop	98	90	0	188		
Landlord A -----	25%				$\frac{24.5A}{188A}$	= 13.0% = \$43.99
Landlord C -----		33.3%			$\frac{30A}{188A}$	= 15.8% = \$53.47
Landlord D -----			0		$\frac{0A}{188A}$	= 0% = 0
Operator B -----	75%	66.7%	0			71.2% = \$240.94

a. Notwithstanding that the tract owned by D contributes to the wheat acreage allotment for the farm, D does not share in the payment computed in connection with such acreage allotment because he is not entitled to share in the proceeds of the wheat seeded on the farm in 1938. D would be entitled to share in the wheat payment only in the event he has arranged to share in the 1938 wheat crop.

The payment in connection with soil-building practices will be divided equally among the landlords and the tenant unless they establish to the satisfaction of the county committee that their contribution to the carrying out of soil-building practices was not in equal proportion. In such event, the payment will be divided among them on the basis of their actual contribution.

Example of Summarization of Payments and Deductions for a Farm.

Item	Amount	Landlord "A"		Landlord "B"		Tenant "C"	
		Percent	Amount	Percent	Amount	Percent	Amount
<u>Net Payments</u>							
1. Potato	\$40.00	25%	\$10.00	0	0	75%	\$30.00
2. Cotton	60.00	10%	6.00	20%	\$12.00	70%	42.00
3. S.B.Practices	42.20	25%	10.55	25%	10.55	50%	21.10
4. Restoration	50.00	0	0	25%	12.50	75%	37.50
5. Total	\$192.20	XXXXXX	\$26.55	XXXXXX	\$35.05	XXXXXX	\$130.60
<u>Net Deductions</u>							
6. Wheat	\$24.00	0	0	25%	\$6.00	75%	\$18.00
7. General	18.00	50%	\$9.00	0		50%	9.00
8. Total	42.00	XXXXXX	\$9.00	XXXXXX	\$6.00	XXXXXX	\$27.00
9. Net Payment (5 - 8)			\$17.55		\$39.05		\$103.60
10. Net Deduct. (8 - 5)			0		0		0
11. Adj. Pay. _____%							
12. Adj. Deduct. _____%							

VI. Proration of Net Deductions

1. If, for any farm, the sum of the net deductions computed for any person exceeds the sum of the net payments computed for such person, the amount of excess deduction shall be taken prorata from the payments which would otherwise be made to other persons with respect to the farm. For example assume that the following entries were shown on lines 9, 10, 11, and 12 in the foregoing table --

	<u>To A</u>	<u>To B</u>	<u>To C</u>	<u>Total</u>
9. Net Payment	\$100.00	\$0	\$300.00	\$400.00
10. Net Deduction		\$50.00		50.00
11. Adj. Pay't. (.875)	87.50	\$0	\$262.50	\$350.00
12. Adj. Deduction				

(Adjustment factor obtained by dividing \$400.00 into \$350.00 = .875)

2. If, however, the sum of the net deductions computed for the farm exceeds the sum of the net payments for the farm, no payment shall be made with respect to the farm. In such event, the amount of such excess deduction for the farm shall be charged prorata against the persons for whom an excess deduction is computed.

a. For example, if, as shown in the summary below, the sum of the entries on line 10 exceeds the sum of the entries on line 9, the amount of such excess deduction shall be divided by the sum of the entries on line 10. The resultant percentage factor shall then be entered immediately after the words "Adj. Deduction" on line 12. The entry on line 10 for any person shall then be multiplied by the factor and the result entered on line 12 for such person as follows:

	<u>To A</u>	<u>To B</u>	<u>To C</u>	<u>Total</u>
9. Net Payment	0	\$100.00	0	\$100.00
10. Net Deduction	\$100.00	0	\$300.00	<u>400.00</u>
11. Adj. Payment				0
12. Adj. Deduction .75	75.00		225.00	300.00

(Adjustment Factor obtained by dividing \$400.00 into \$300.00 = .75)

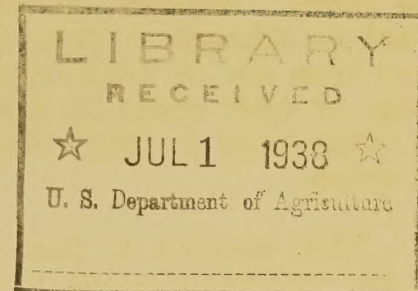
b. The excess deduction thus determined for any landlord or tenant with respect to a farm shall be taken from the net payments which would otherwise be made to such person with respect to other farms in the county. The deduction when carried over to such other farms will affect only the payments which would otherwise be made to the person for whom the deduction was computed and will not affect the payments computed for other interested persons on such other farms notwithstanding the fact that the net deduction thus carried over exceeds the payment computed for such person on the other farms. Assuming that A in the above example operates another farm in the county, owned by X, for which the following net payments are shown, the deduction for other farms will be as follows:

	<u>To A</u>	<u>To X</u>
9. Net Payment	\$50.00	\$20.00
10. Net Deduction	0	0
11. Adjusted Payment	50.00	20.00
12. Increased Payment	63.00	28.00
13. Deduction other farms	75.00	0
14. Net Payment	0	28.00

Issued May 24, 1938

UNITED STATES DEPARTMENT OF AGRICULTURE
AGRICULTURAL ADJUSTMENT ADMINISTRATION
WESTERN DIVISION

Washington, D. C.



To MEMBERS OF COUNTY COMMITTEES,
COUNTY AGRICULTURAL CONSERVATION ASSOCIATIONS,
WESTERN REGION.

Re: Eligibility of Federal Agencies and land owned or
controlled by Federal Agencies to participate in
the Agricultural Conservation Programs under Section
5 of the Soil Conservation and Domestic Allotment
Act, as amended.

For the information of the State and County Committeemen there is set forth herein the policy to be followed with respect to the eligibility of Federal agencies and corporations wholly owned and controlled by the United States to receive payments under the Agricultural Conservation Programs, and also the eligibility of persons renting or leasing Federally owned lands to receive payment for crop adjustments and conservation measures carried out on such land.

Eligibility of Agencies owned or controlled by the United States

It has been the policy of the Agricultural Adjustment Administration not to make payments to any Federal Department or Bureau or any corporation wholly owned by the United States. Pursuant to this policy payments have been denied to the Farm Security Administration, Soil Conservation Service, Forest Service, the Federal Farm Mortgage Corporation, and the Reconstruction Finance Corporation. On the other hand, payments may be made to the Federal Land Banks and the Federal Deposit Insurance Corporation, for the reason that these Agencies are only partly owned by the United States. This policy will be continued in the future.

Eligibility of private persons renting or leasing Federally owned lands

In determining whether payments should be made to private persons renting or carrying on farming operations on land owned by Federal Agencies two factors must be considered: (1) whether the land was acquired by such agencies primarily as a conservation measure; and (2), whether the Government ownership of such land is to be permanent or temporary. Following this principle, no payments will be made to any persons or public agencies with respect to land acquired by the U.S. Forest Service, the U.S. Soil Conservation Service, or the U.S. Bureau of Agricultural Economics, for the reason that these lands have been acquired by these Federal Agencies for the primary purpose of effecting its conservation and it is anticipated that such land will be kept permanently under Government ownership.

A person who owns or operates other land under work sheets and who rents land from the Forest Service, the Soil Conservation Service, or the Bureau of Agricultural Economics, may make application for payment with respect to such other lands. However, if the county committee determines that such person has shifted an acreage of feed crops customarily grown on his own land onto land rented from any of these agencies and has thereby substantially increased the acreage of cash crops on his other land no payment shall be made with respect to such other land on which there has been a substantial increase in the acreage of cash crops.

With respect to land owned by the Farm Security Administration, it appears that the primary purpose in acquiring such land is the rehabilitation of low-income groups, and the conservation of the land is a secondary consideration. Most of this land has been acquired with a view to resale to private persons and Government ownership is a temporary and incidental part of the rehabilitation. A similar situation exists with respect to lands temporarily owned by the Federal Farm Mortgage Corporation and the Reconstruction Finance Corporation. Therefore, payments will be made to persons operating land under a rental or purchase agreement with the Farm Security Administration, the Federal Farm Mortgage Corporation, and the Reconstruction Finance Corporation. Payment will be made to persons operating such land under a rental or purchase agreement on the same basis as to persons who are operating or purchasing privately owned lands.

Land will be considered as owned by the United States only when and if title to such land is acquired by the United States.

George E. Farrell

GEORGE E. FARRELL
Director, Western Division

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